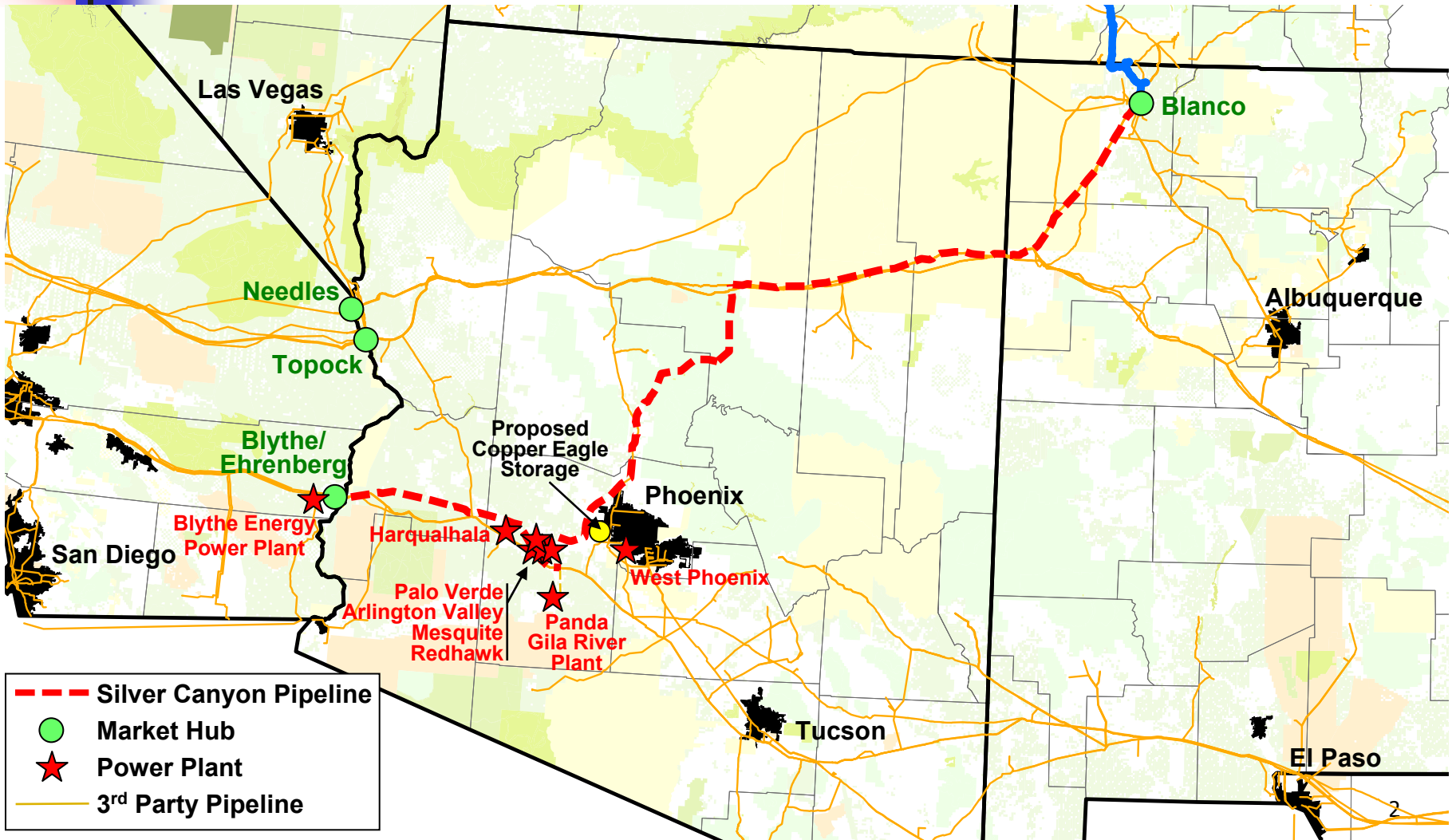


# Kinder Morgan

**Natural Gas Outlook**  
**CPUC/CEC**  
**December 9, 2003**

# Silver Canyon Pipeline

## 750,000 MMBtu/d Capacity





# Markets

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- **Arizona**
  - **Phoenix area**
    - **Utility, LDC and Power Generation loads**
- **California (Ehrenberg)**
  - **SoCalGas**
  - **Baja Norte**



# Supply Basins

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- **Rocky Mountains (TransColorado)**
  - **Significant increase in Piceance/Paradox production over next 5 years**
  - **TransColorado 125,000/d expansion to San Juan Hub 4<sup>th</sup> Qtr. 2004**
  - **Green River/Uinta/Powder River**
- **San Juan**
  - **Slight production decline over the next 10 years, but increased south flow from Rockies will fill the gap**



# Supply Access Characteristics

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- **Permian**
  - Declining production, higher price
  - Shippers on El Paso and Transwestern must source large amounts of supply from a declining basin
  - Increasing exports to Mexico via new pipelines
- **LNG**
  - Delivery risk
  - Not friendly to seasonal or sculpted market needs
  - Typically need to compliment with Storage
    - Added expense
    - Missed opportunities in storage economics



# What differentiates Silver Canyon from other supply options

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- **Flexibility**

- **Contractual flexibility**

- **Seasonal contract volumes, sculpted contract volumes**
    - **Receipt to delivery point pathing**
    - **Alternate receipt and delivery points (including out of the path)**
    - **Backhauls from Ehrenberg to Phoenix area**
    - **Fully segmented, Order 637 compliant**

- **Operational flexibility**

- **16/24 hour gas day**



# Need for Interstate Capacity

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- **Total of all options should always meet peak demand**
- **Silver Canyon provides reliable service and diversity of supply to west markets from a strong and inexpensive basin**



# Timeline

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- **Interstate infrastructure requires 2+ years head start for In-service**
  - **Market Support: 0 -12 months**
  - **FERC Filing: 9 – 12 months (including environmental)**
  - **FERC approval: 6 – 12 months**
  - **Construction: 4 – 6 months**
- **Silver Canyon Pipeline In-service date is mid-2006**





# Contact Information Business Development Team

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